

RESTRICTED

DEPARTMENT OF STATE

Memorandum of Conversation
TELEPHONE

DATE: March 6, 1953

SUBJECT: Rights of old firms in Japan to convert accumulated yen holdings.

PARTICIPANTS: Mr. Mel Walker - National Foreign Trade Council,
New York City.
CP - Mr. Walker

COPIES TO: NA - Mr. Fraleigh
OPD - Mr. Young
P - Miss Curran
PL -

Mr. Mel Walker called to say NFTC had been getting inquiries concerning the above subject (notably from Firestone), and wondered if the subject had come up in FCN treaty discussions, which have been widely discussed in the Japanese press, and whether there was any possibility we could have a specific clause written into the exchange control article to assure that the blocked holdings of old investors would be released to the extent that Japan's dollar position permits. He said that Japan's dollar difficulties were appreciated, but that the feeling was that it was wrong for the old investors to continue to be discriminated against in the Japanese regulations. He observed further that the primary concern was with the conversion rights of dollar investments, and that the right to get dollars on account of investment made originally by Americans in non-dollar currencies was of secondary moment.

I told him that we were indeed mindful of the problem of the old investors, and that there had been extensive discussions with the Japanese over the exchange control article and other relevant provisions that the Department seeks. The Department position is that it is wrong to make distinctions between old and new investment, as to withdrawal privileges, and consequently the standard draft recognized no such distinctions. The standard is what we are trying to get in Tokyo, and, as of the present,

we are hopeful of reaching a satisfactory agreement on it. I

did not

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did not believe that any useful purpose would be gained by asking the Japanese for embellishments on the standard draft in this connection; and he said he could agree.

He remarked that there was also some dissatisfaction with the Japanese restrictions on investing old earnings in Japanese companies, though the main complaint related to conversion rights. I said that we were doing the best we could to arrive at a mutually agreeable solution to all problems, and that the Japanese had shown a very fine disposition to arrive at as liberal a treaty as they thought they could, in light of all the economic and political circumstances. As things now stand, and barring mishap, we are rather optimistic about the final result, when such factors as SCAP legislation, Japanese economic difficulties, local business pressures and politics are considered.

I cautioned that any loose talk or publicity on our side about the treaty discussions would be highly undesirable; and he said he understood this and would observe the usual discretion.